

191



Who to punish for our dying environment?

FOCUS, Page A1



Where the famous play

NEW ENGLAND MAGAZINE

It's Peter Pan!

Sandy Duncan tries her wings on stage

ARTS & FILMS, Page B1



Today's sections
Complete indexes
for today's edition
on Page 2

Boston Sunday Globe

The weather
Partly sunny, 80s.
Complete details
on Page 87.

Vol. 116, No. 57 © 1979, Globe Newspaper Co. *** SUNDAY, AUGUST 26, 1979 Telephone 929-2000 Classified Circulation 929-1500 929-2222 75 Cents 30 cents 30 more from Boston and beyond

Vermont firm allegedly sold arms illegally to S. Africa

By Ben Bradlee
Globe Staff
NORTH TROY, Vt. — An obscure aeroballistics firm, which straddles the US-Canadian border and has close ties to defense officials in both countries, has smuggled tens of thousands of long-range artillery shells and a complete weapons system to the apartheid government of South Africa, US officials charge.
For eight months, a federal grand jury has been investigating US allegations

that the Space Research Corporation of North Troy, Vt., and Highwater, Quebec, violated the Arms Export Control Act as well as the US embargo against shipping arms to South Africa, in effect since 1964.
Authorities have presented evidence designed to show that Space Research, in an operation code-named "Miami," sent South Africa about 55,000 155mm howitzer shells in four major shipments via Spain and the Caribbean island of Antigua, a British pre-territory.
The company dispatched further con-

signments of related military hardware to South Africa by air on at least 24 other occasions between 1976 and 1978, documents show. In addition, as part of Space Research's sale of technology, about a dozen of the firm's employees traveled to South Africa in 1977 to oversee the testing and development of a 155mm weapons system.
The company refused to comment on any of its alleged dealings with South Africa, and its lawyer did not return repeated phone calls soliciting comment.

Despite a world arms embargo, South Africa has molded one of the most powerful armies on the continent. Last April 28, South African Prime Minister Peter Botha, who was defense minister when Space Research officials made their covert visit, announced that his army had added a new dimension to its fighting capability. He said his country now had its own long-range 155mm howitzer system, developed "in record time."
Sometime this fall, the US Customs Service and the US attorney for Vermont,

William Gray, are expected to recommend to the Justice Department that criminal charges be brought against Space Research and several of its top officials. They include the firm's founder and president, Gerald V. Bull, a 51-year-old ballistics genius who has been called Canada's Werner Von Braun. Bull also was unavailable for comment.
Penalties for violating the federal Arms Export Control Act include fines of up to \$25,000, two years in prison or both. Other targets of the government inves-

tigation include the First Pennsylvania Bank, to which Space Research once owed at least \$11 million, and a prominent Philadelphia law firm, Montgomery McCracken, Walker and Rhoads, which has represented the company. Officials say they have evidence indicating that, either to help Space Research satisfy its debt to the bank or for other reasons, representatives of the bank and the law firm sanctioned or actively promoted the SMUGGLERS, Page B5

Vermont firm allegedly sold illegal arms

SMUGGLERS

Continued from Page 1

company's dealings with South Africa. The bank's records have been subpoenaed by the federal grand jury, sources say.

Both the bank and the law firm declined to comment. The Space Research affair is likely to be the third major arms-smuggling case to be referred to the Justice Department recently. The other cases involved Connecticut's Olin Corp., which admitted that its Winchester Arms Division illegally shipped weapons to South Africa, and the Smith and Wesson Co. of Springfield, Mass., which allegedly sent military night surveillance devices to Libya via a European firm. Over objections of the US attorneys in both Connecticut and Massachusetts, the Justice Department declined to bring criminal charges against either firm, opting to impose civil fines instead.

Although Space Research's case is still before US Atty. General Gray and the federal grand jury in Vermont, The Boston Globe has learned that the company, through its lawyer, has approached the government and offered to pay a fine in lieu of facing any criminal charges.

The offer was refused.

Space Research has also been the target of a Royal Canadian Mounted Police investigation for nearly two years. When it concludes its probe, the RCMP — Canada's primary investigative agency — will report to the Crown Prosecutor in the Ministry of Justice, who will decide if prosecution is warranted.

The following narrative of Space Research's alleged scheme to supply arms to South Africa is based on documents to which the Globe has obtained access. These include an array of invoices, bills of lading, shipping logs and shipping intelligence information.

The Globe also has had access to evidence obtained from testimony of ship captains, crew members and at least one employee of Space Research. Robert Mortensen, a computer engineer and one of the men who traveled to South Africa to test Space Research missiles there, has been granted full immunity in return for his testimony in the arms smuggling case.

Official attention was turned to Space Research in fall 1977 after Joshua Nkomo, Rhodesian black nationalist leader, charged at a news conference in Ottawa that Canada had been the stepping-off point for a large quantity of 155mm howitzer shells that had found their way to Cape Town, South Africa.

Nkomo said he had no idea who had manufactured the shells, but he did offer two clues: at least one shipment had left from St. John, New Brunswick, and the name of the ship that carried the cargo was the Tugelaland.

The Tugelaland, authorities learned, is owned by a Hamburg company, Globus Reederei, which in turn is controlled by a South African concern called Safmarine, partly owned by the South African government. The ship is registered in West Germany and flies that country's flag.

The RCMP learned that the artillery shells had been manufactured by Space Research and that the Tugelaland had gone to St. John, New Brunswick to take on a load of the company's shells in August 1977.

Authorities also obtained documentation showing that Space Research artillery shells had been carried by other vessels earlier that year.

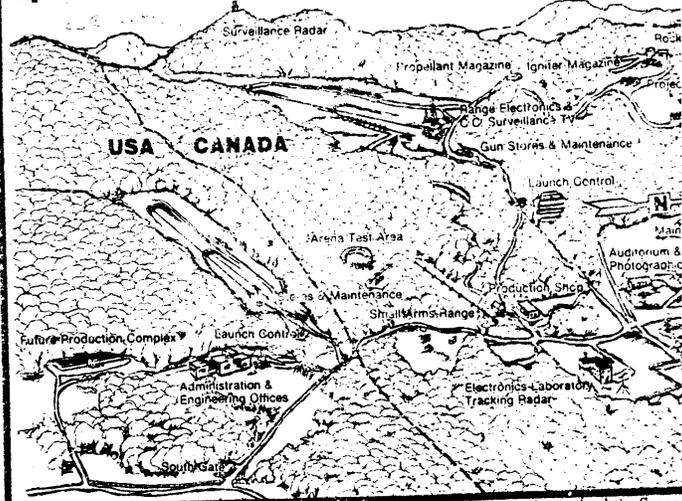
On Feb. 20, 1977, the Lady Scotia left New Brunswick for Antigua with at least 740 shells, invoices show. On March 7, the Maura started a trip over the same route with 7468 shells, and on May 10 the Lindinger Coral left with 2688 projectiles.

Space Research took out export permits for these shipments, listing Antigua as the ultimate destination for the shells. The company maintained a test range on the island so that authorities initially could find no fault with the transfers.

But the shells did not stay in Antigua for long. On May 27, the Tugelaland sailed into the Caribbean port, picked up virtually all the shells the other three ships had delivered, and — according to Lloyd's shipping intelligence, the ship's log and testimony of the Tugelaland's captain and crew — took them to Cape Town, arriving June 7.

On Aug. 22, the Tugelaland returned to New Brunswick and picked up 10,560 Space Research projectiles, documents show. According to Canadian Customs, the ship was destined for Barbados, where the company maintained another test

Space Research Corporation North Troy-Highway



Smith's union decided it no longer would handle Space Research cargo. The labor group and Antigua's political opposition launched broad attacks on the government for sponsoring Space Research and allowing it to remain on the island.

But Premier V.C. Bird and his son Lester, the deputy premier, staunchly defended the company. Lester Bird is a lawyer with an American wife and a graduate of the University of Michigan. His law firm was retained by Space Research to represent it in Antigua.

In retaining the influential younger Bird, Space Research officials "purchased a permissive climate whereby they were able to do whatever they wanted to do without much checks," according to one US diplomat who served in the Caribbean at the time.

Space Research came to Antigua in January 1977 after there was a change in government in nearby Barbados, where the company had maintained testing facilities since the 1960s. The Bird government saw Space Research as a positive force in Antigua. It created jobs, and it also paid, trained and equipped an elite band of about 100 troops known as the Antigua Defense Force.

This group was also referred to as Antigua's army — a grandiose billing most diplomats found laughable. Actually, the troops served as Space Research's private security force and tried to project a favorable image for the company. Once, during a demonstration against Space Research's presence on the island, hundreds took to the streets wearing T-shirts emblazoned: "Space Research Must Go." The Antigua Defense Force promptly countered by stenciling shirts that read: "Space Research Must Stay."

In spring 1978, the government published a white paper, "Space Research in Antigua," which absolved the company and itself of any wrongdoing, and denied that Antigua was being used as a way-station for arms headed to South Africa. The statement ignored available evidence and was fraught with inaccuracies. It concluded that the controversy surrounding the firm's activities in Antigua was "a tissue of lies and half-truths twisted to suit the political purposes of (the opposition)."

After the accident on the Antigua docks in August 1977 came Nkomo's statement in Ottawa Oct. 17. Both events focused attention on Space Research.

The limelight apparently prompted the company to cancel arrangements it had made with the Tugelaland that fall to ferry 21,624 more artillery shells, stockpiled in New Brunswick, to Antigua. Instead, according to official sources, within a few weeks of Nkomo's statement, Space Research applied for a Canadian export permit to send 35,000 projectiles to Spain. The permit was granted.

In December, as plans for the shipments to Spain were being made, a convoy of trucks rolled out of the south entrance to the Space Research compound in North Troy, Vt., and drove to Port Canaveral, Fla. During December 1977 and January 1978, the projectiles were ferried from Port Canaveral to Antigua in three separate shipments aboard vessels chartered by the US Navy, according to official sources.

workers refused to unload the Space Research cargo. The labor group and Antigua's political opposition launched broad attacks on the government for sponsoring Space Research and allowing it to remain on the island.

Antigua Workers Union leader K. J. Smith said the US State Department charter vessels were ferrying arms to South Africa. The union engaged in smuggling arms to South Africa, which stirred considerable consternation in Antigua, and the US Customs Service launched an investigation into the shipments.

On March 2, 1978, the Nordfarer, up the 21,624 projectiles in New Brunswick originally had earmarked and transported them to Barcelona, where they were stored for three months. On March 2, the shells were loaded onto another Danish ship, the Nordfarer, and taken to South Africa, off the coast of Namibia.

According to discharge certificates, the Breezeand in Durban July 19. About 1200 of the shells in Barcelona with their officially designated firm called Barreiros Hermanos.

On July 27, 1978, a Danish ship, the Nordfarer, sailed down the St. Lawrence River with 12,648 Space Research shells. US authorities call the fourth major shipment to South Africa.

According to the export permit destined for Barreiros Hermanos, the ship never stopped in Balearic Majorca, off the Spanish coast, but sailed to Durban, arriving Sept. 10.

In November, the government closed an official line on Space Research on the island. The action followed a series of parliamentary debates and a congressional report prepared by the British and American companies.

According to one US official familiar with the Research case, Antigua expelled the company reluctantly and, in an attempt to blow caused by the displacement of the Antigua Defense Force and others, demands for \$360,000 reparations payable in hardware on the island.

Space Research apparently did not pay and opted to leave its equipment on the island. By December 1978, the Customs Service had enough evidence against the company to refer the case to the federal grand jury, which is still investigating. (Next: The genius behind Space Research)

46 to 60 YEARS OF Permanent Life

Pg 3

Nkomo said he had no idea who had manufactured the shells, but he did offer two clues: at least one shipment had left from St. John, New Brunswick, and the name of the ship that carried the cargo was the Tugelaland.

The Tugelaland, authorities learned, is owned by a Hamburg company, Globus Reederey, which in turn is controlled by a South African concern called Safmarine, partly owned by the South African government. The ship is registered in West Germany and flies that country's flag.

The RCMP learned that the artillery shells had been manufactured by Space Research and that the Tugelaland had gone to St. John, New Brunswick to take on a load of the company's shells in August 1977.

Authorities also obtained documentation showing that Space Research artillery shells had been carried by other vessels earlier that year.

On Feb. 20, 1977, the Lady Scotia left New Brunswick for Antigua with at least 740 shells, invoices show. On March 7, the Maura started a trip over the same route with 7468 shells, and on May 10 the Lindinger Coral left with 2688 projectiles.

Space Research took out export permits for these shipments, listing Antigua as the ultimate destination for the shells. The company maintained a test range on the island so that authorities initially could find no fault with the transfers.

But the shells did not stay in Antigua for long. On May 27, the Tugelaland sailed into the Caribbean port, picked up virtually all the shells the other three ships had delivered, and — according to Lloyd's shipping intelligence, the ship's log and testimony of the Tugelaland's captain and crew — took them to Cape Town, arriving June 7.

On Aug. 22, the Tugelaland returned to New Brunswick and picked up 10,560 Space Research projectiles, documents show. According to Canadian Customs, the ship was destined for Barbados, where the company maintained another test range, before it moved to Antigua. But the Tugelaland sailed directly to Antigua, where it stopped to take on more cargo before setting out for South Africa again. The ship arrived in Cape Town Sept. 9.

When the Tugelaland was taking on her cargo in Antigua Aug. 25, an accident occurred on the docks that triggered a controversy over Space Research's mission on the island that lingers to this day.

A crane, being used to load the steel containers filled with shells, collapsed. One container fell to the ground and burst open, and out rolled what the dock workers came to refer to as "the big bullets."

"When the Tugelaland first came to Antigua in May, her crew told us she was bound for South Africa, but we didn't say anything or make any noise because we wondered if it could be true," recalls Keithlyn Smith, head of the 10,000-member Antigua Workers Union and a senator in the island's parliament. "The next time the ship came, again we learned she was bound for South Africa — only this time there was the accident on the docks, and we saw what she was carrying."

it also paid, trained and equipped an elite band of about 100 troops known as the Antiguan Defense Force.

This group was also referred to as Antigua's army — a grandiose billing most diplomats found laughable. Actually, the troops served as Space Research's private security force and tried to project a favorable image for the company. Once, during a demonstration against Space Research's presence on the island, hundreds took to the streets wearing T-shirts emblazoned: "Space Research Must Go." The Antiguan Defense Force promptly countered by stenciling shirts that read: "Space Research Must Stay."

In spring 1978, the government published a white paper, "Space Research in Antigua," which absolved the company and itself of any wrongdoing, and denied that Antigua was being used as a way-station for arms headed to South Africa. The statement ignored available evidence and was fraught with inaccuracies. It concluded that the controversy surrounding the firm's activities in Antigua was "a tissue of lies and half-truths twisted to suit the political purposes of (the opposition)."

After the accident on the Antiguan docks in August 1977 came Nkomo's statement in Ottawa Oct. 17. Both events focused attention on Space Research.

The limelight apparently prompted the company to cancel arrangements it had made with the Tugelaland that fall to ferry 21,624 more artillery shells, stockpiled in New Brunswick, to Antigua. Instead, according to official sources, within a few weeks of Nkomo's statement, Space Research applied for a Canadian export permit to send 35,000 projectiles to Spain. The permit was granted.

In December, as plans for the shipments to Spain were being made, a convoy of trucks rolled out of the south entrance to the Space Research compound in North Troy, Vt., and drove to Port Canaveral, Fla. During December 1977 and January 1978, the projectiles were ferried from Port Canaveral to Antigua in three separate shipments aboard vessels chartered by the US Navy, according to official sources.

At the time, Space Research held a contract with the Picatinny Arsenal in Dover, N.J. (headquarters of the Army Research and Development Command) for the development of sabots — devices that slip around an artillery shell to help it fit securely in the gun and then fly long distances with great accuracy.

The US government will allege that Space Research President Gerald Bull used a contact at Picatinny to arrange for the Navy shipments under the guise that the shells were to be used for testing as part of the sabot contract. In fact, according to the government, Bull wanted to get as many shells as he could out of the Canadian spotlight because of local publicity and the RCMP investigation.

Authorities note that the shipments aboard military consignments enabled the company to avoid obtaining an export permit, and they contend that the 1700 shells were far more than were needed for testing.

When the Navy shipments arrived in Antigua, dock

in Barcelona with their officially des firm called Barreiros Hermanos.

On July 27, 1978, a Danish ship kn River sailed down the St. Lawrence S treat with 12,648 Space Research arti authorities call the fourth major sh South Africa.

According to the export permit, t destined for Barreiros Hermanos in time the ship never stopped in Barc Majorca, off the Spanish coast, the Durban, arriving Sept. 10.

In November, the government of f official line on Space Research and c the island. The action followed an parliamentary debates and a compr report prepared by the British and C ing Companies.

According to one US official fam Research case, Antigua expelled the reluctantly and, in an attempt to r blow caused by the displacement o fense Force and others, demanded t make a \$360,000 reparations payment hardware on the island.

Space Research apparently decid payment and opted to leave its equi

By December 1978, the Customs S enough evidence against the comp Gray in Vermont deemed it prudent eral grand jury, which is still invest

(Next: The genius behind Space

46 to 8
YEARS OF
Permanent Life In
EVERYONE AG

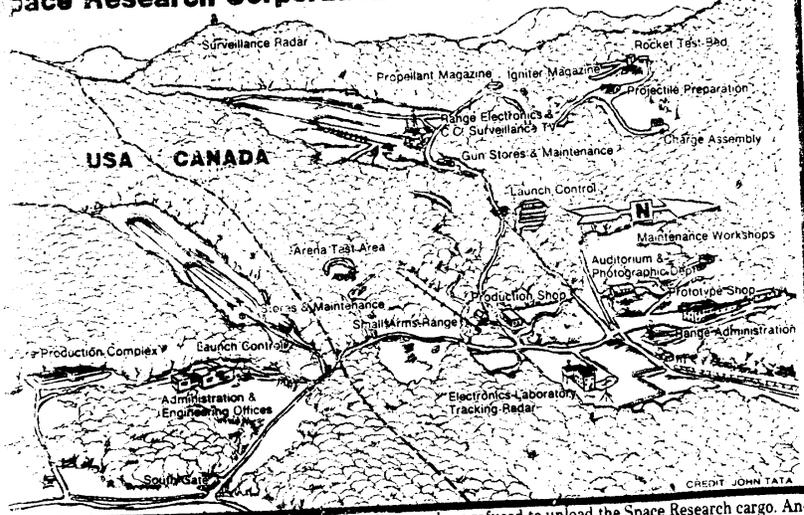
- NO PHYSICAL EXAMINATION
- YOUR PAST MEDICAL HISTORY IS NOT CONSIDERED

No Salesman W
Call or write and give us your de
LIFE OF AMERICA INSURANCE CO
40 Broad St., Boston, Mass. 0210
Call 423-336

She shows most Egyptian feminist... and her attempts to project her... medium of her... in considerable... Islamic fund...

Allegedly sold illegal arms

Space Research Corporation North Troy-Highwater Facilities



Smith's union decided it no longer would handle Space Research cargo. The labor group and Antigua's political opposition launched broad attacks on the government for sponsoring Space Research and allowing it to remain on the island.

But Premier V.C. Bird and his son Lester, the deputy premier, staunchly defended the company. Lester Bird is a lawyer with an American wife and a graduate of the University of Michigan. His law firm was retained by Space Research to represent it in Antigua.

In retaining the influential younger Bird, Space Research officials "purchased a permissive climate where they were able to do whatever they wanted to do without much checks," according to one US diplomat who served in the Caribbean at the time.

Space Research came to Antigua in January 1977 after there was a change in government in nearby Barbados, where the company had maintained testing facilities since the 1960s. The Bird government saw Space Research as a positive force in Antigua. It created jobs, and also paid, trained and equipped an elite band of about 200 troops known as the Antiguan Defense Force.

This group was also referred to as Antigua's army — a grandiose billing most diplomats found laughable. Actually, the troops served as Space Research's private security force and tried to project a favorable image for the company. Once, during a demonstration against Space Research's presence on the island, hundreds took to the streets wearing T-shirts emblazoned: "Space Research Must Go." The Antiguan Defense Force promptly countered by stenciling shirts that read: "Space Research Must Stay."

In spring 1978, the government published a white paper, "Space Research in Antigua," which absolved the company and itself of any wrongdoing, and denied that Antigua was being used as a way-station for arms headed to South Africa. The statement ignored available evidence and was fraught with inaccuracies. It concluded that the controversy surrounding the firm's activities in Antigua was "a tissue of lies and half-truths twisted to suit the political purposes of (the opposition)."

After the accident on the Antiguan docks in August 1977 came Nkomo's statement in Ottawa Oct. 17. Both events focused attention on Space Research.

The limelight apparently prompted the company to cancel arrangements it had made with the Tugelaland that fall to ferry 21,624 more artillery shells, stockpiled in New Brunswick, to Antigua. Instead, according to official sources, within a few weeks of Nkomo's statement, Space Research applied for a Canadian export permit to send 35,000 projectiles to Spain. The permit was granted.

In December, as plans for the shipments to Spain were being made, a convoy of trucks rolled out of the south entrance to the Space Research compound in North Troy, Vt., and drove to Port Canaveral, Fla. During December 1977 and January 1978, the projectiles were ferried from Port Canaveral to Antigua in three separate shipments aboard vessels chartered by the US Navy, according to official sources.

At the time, Space Research had a contract with the

workers refused to unload the Space Research cargo. Antigua Defense Force troops ordered the workers off the docks and unloaded the shipments themselves.

Antigua Workers Union leader Keithlyn Smith sent a wire to the US State Department warning that Navy-charter vessels were ferrying arms for a private corporation engaged in smuggling arms to South Africa. Smith's cable stirred considerable consternation in official Washington, and the US Customs Service was ordered to launch an investigation into the Space Research Corp.

On March 2, 1978, the Nordfarer, a Dutch ship, picked up the 21,624 projectiles in New Brunswick, which Space Research originally had earmarked for the Tugelaland, and transported them to Barcelona, Spain, where they were stored for three months. On June 26, 20,400 of the shells were loaded onto another Dutch vessel, the Breezand, and taken to South Africa, officials charge.

According to discharge certificates and Lloyd's shipping intelligence, the Breezand docked in the port of Durban July 19. About 1200 of the projectiles remained in Barcelona with their officially designated recipient, a firm called Barreiros Hermanos.

On July 27, 1978, a Danish ship known as the Atlantic River sailed down the St. Lawrence Seaway out of Montreal with 12,648 Space Research artillery shells in what authorities call the fourth major shipment of arms to South Africa.

According to the export permit, the cargo again was destined for Barreiros Hermanos in Barcelona, but this time the ship never stopped in Barcelona. It refueled in Majorca, off the Spanish coast, then sailed directly to Durban, arriving Sept. 10.

In November, the government of Antigua reversed its official line on Space Research and ordered the firm off the island. The action followed an emotional round of parliamentary debates and a comprehensive television report prepared by the British and Canadian Broadcasting Companies.

According to one US official familiar with the Space Research case, Antigua expelled the company somewhat reluctantly and, in an attempt to recoup the economic blow caused by the displacement of the Antiguan Defense Force and others, demanded that the firm either make a \$360,000 reparations payment or leave its military hardware on the island.

Space Research apparently decided not to make the payment and opted to leave its equipment.

By December 1978, the Customs Service had gathered enough evidence against the company that US Atty. General in Vermont deemed it prudent to convene the federal grand jury, which is still investigating the case.

(Next: The genius behind Space Research)

46 to 87
YEARS OF AGE

